

## Order Execution Policy

### 1. Introduction

The document is provided by Swissquote Capital Markets Limited (“SQCM” or “Swissquote”), a company incorporated in Cyprus (registered number HE 425179) and regulated and authorized by the Cyprus Securities and Exchange Commission (“CySEC”) under License No. CIF 422/22, to all of our clients and potential clients and relates to information about the Order Execution Policy that SQCM believes is appropriate for you to be aware of before you place any orders with SQCM.

As part of our commitment to ensure we treat our customers fairly, act in their best interests and comply with the requirements of the CySEC, we are providing you with this disclosure.

### 2. Legal & Regulatory Requirements

SQCM is operating under the provisions of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as the same may be in force from time to time and modified or amended from time to time (the “MiFID II”), which was transposed into national law, the Investment Services and Activities and Regulated Markets Law of 2017 (the “Law”). The Order Execution Policy has been drafted considering the content requirements set out in Article 66 of the Commission Delegated Regulation 2017/565 and Circular C343 on best execution obligations of Cyprus Investment Firms (“CIFs”).

Pursuant to the above legislation as well as any directives issued pursuant to it, SQCM is required to take all sufficient steps to act in the best interest of the Client when receiving and transmitting orders for execution or when executing such orders. In this respect, the Order Execution Policy (the “Policy”) is provided to SQCM’s clients or potential clients for their prior consent before the provisions of any services.

### 3. Scope

When dealing with Clients, SQCM has an obligation to act honestly, fairly, professionally and in the best interest of the client. SQCM proceeded with the establishment and maintenance of the Order Execution Policy, in order to ensure compliance with the obligation to execute orders on terms most favorable to its clients and to achieve the best possible results for them.

The Policy outlines the procedure that shall be followed by SQCM in executing trades and assure that it takes all sufficient steps to consistently obtain the best possible result for Clients. In addition, the Policy provides adequate information to the clients in relation to the factors that are taken into consideration when handling clients’ orders.

The Trading Desk/Dealing Room department is the relevant department to which the Policy mainly applies when offering the investment services of Reception and Transmission of order and Execution of orders on behalf of clients (the “Investment Services”).

The Client may communicate with SQCM about further clarifications they may require in respect to SQCM’s order execution arrangements by sending an email to [compliance\\_sqcm@swissquote.com](mailto:compliance_sqcm@swissquote.com). SQCM shall revert with the response within a reasonable time.

#### **4. Applicability**

The provisions of this Policy are applicable for both Retail and Professional (Elective and Per Se) clients, as defined in SQCM’s Client Categorization Policy, who are provided with the Investment Services in relation to Contracts for Differences (“CFDs”). The provisions of the Order Execution Policy do not apply for Eligible Counterparty Clients.

In some instances, the provisions of the Policy may not be applicable. Particularly, in case where SQCM classified a client as an Eligible Counterparty, the requirements to take all sufficient steps and ensure compliance with the execution arrangements does not apply, for the provision of the Investment Services.

In addition to the above, when there is a specific instruction from the Client, either Retail or Professional, SQCM shall execute the order following that specific instruction(s) and without having to comply with the requirements and procedures set herein.

The terms of this Policy shall be read in conjunction with the Terms and Conditions (the “T&Cs”). The client must understand the relevant Policy so that it can make an informed decision as to whether to use, or continue using SQCM’s services. Therefore, please ensure that you read and understand the content of the Policy prior trading with Swissquote.

By opening a trading account with SQCM, you agree and accept to the provisions and requirements set herein.

#### **5. Investment Services in Contracts for Difference (CFDs)**

SQCM offers its Investment Services through the following Trading Platforms:

- a. MetaTrader 4 (MT4);
- b. MetaTrader 5 (MT5);
- c. Advanced Trader; and
- d. Mobile App.

It is noted that the same terms apply when offering the Investment Services, irrespective of the Trading Platform through which orders are placed.

SQCM's Investment Services are offered in respect to CFDs on various underlying assets. The table below explains the Asset Classes available through SQCM and provides examples of those underlying assets that are tradable in our Trading Platforms. The full list of all tradable instruments per asset class are available on the Forex Product Guide on our website as well as the Trading Platforms.

Asset Class	Examples of Underlying Assets
Foreign Exchange/Currency Pairs	EURUSD, EURCHF, USDJPY, USDCHF, AUDUSD etc.
Stocks	#Adidas_(ADS), #Tesco_(TSCO), #Tesla_(TSLA)
Stock Indices	#NIK225, #US500M, #CHM etc.
Commodities	OILUSD, #HGCM, #UKOILM etc.
Precious Metals	XAUEUR, XPTUSD, XAGCHF etc.
Bonds	#USBNDM, #LGILTM

Currently, SQCM operates a Straight Through Processing. In other words, SQCM is offering CFDs and currently is not acting as the client's counterparty (i.e. is not on the other side of the client's trade). In particular, SQCM only executes orders on behalf of clients and does not act as the client's counterparty.

## 6. Placement and Cancellation of Orders and Trading Hours

The Client may open and / or close positions during the trading hours of the market of the Underlying Asset of the CFDs and subject to the relevant Market being made available by SQCM for trading and any trading limits as well as minimum or maximum trade sizes imposed in accordance with SQCM's internal procedures. The respective details can be found in the Forex Product Guide available on our website.

The Client will not be able to place Orders outside of the trading hours in which the relevant market is open for trading, unless SQCM advises accordingly and based on the terms and conditions it may set in such cases. In case of an order is placed outside the trading hours this will be rejected automatically by the system.

SQCM may restrict or suspend or cancel Client's ability to trade for the purposes of preventing a breach of the Applicable Laws and Regulations or the terms specified in the T&Cs, where the Client does not have sufficient funds or margin for effecting the relevant transaction or where to allow the Client to proceed with a relevant trade would result in a breach of any trading limits which SQCM may have imposed pursuant to the provisions of this Policy.

Any updates of positions that are opened during normal trading hours but are kept open beyond our indicated trading hours will be halt until trading is resumed within our Trading Hours. It is crucial for our clients to understand that positions that are left open outside our trading hours might reopen with an

extensive price gap when trading resumes and provided that the client has enough margin to keep such orders open, at any time.

The Client can place orders via the following means:

### **6.1 Through the Trading Platforms and Mobile Applications**

The Client may place orders via SQCM's Trading Platforms and Mobile Application. The orders are considered as having been accepted by SQCM once shown in the Trading Platform and confirmed by the Client.

### **6.2 Orders placed By Phone**

In the event where the Client wishes to place transactions, but the Client is not able to access the Trading Platforms or Mobile Application, the Client may contact the Trading Desk of SQCM in order to assist them accordingly. It is clarified that the Client may contact the Trading Desk during working hours only. All telephone calls are recorded by the recording system operated by SQCM.

In order for the Trading Desk to accept your order through phone, a verifications procedure is being followed aiming to avoid any fraud actions against the Client. It is emphasized that the Trading Desk may not accept the Client's orders in cases where all the relevant information is not readily available or if the Client does not provide correct answers.

## **7. Types Of Orders**

Given the nature of risk and volatility of financial markets, the Client may want to consider using different types of orders to limit risk and manage investment strategies. The Client is given the option to place the following types of execution orders through the Trading Platforms.

It is important for our clients to understand when placing an order the mechanics behind the execution.

- For a Sell position the order opens at the Underlying Asset's Bid price indicated in the Market Watch whereas the order closes at the Ask price of the Underlying Asset.
- For a Buy position the order will open with the Underlying Asset's Ask price indicated in the Market Watch whereas the order closes at the Bid price of the Underlying Asset.

### **7.1 Market Order**

A Market Order is the instruction of the client to SQCM to execute a transaction at a certain price. Execution of this order results in opening of a trade position. Stop Loss and Take Profit orders, as presented below, can be added on a Market Order.

### **7.2 Pending Order**

A Pending Order is placed when the Client wishes to buy or sell a CFD at a pre-defined price in the future. This type of orders is used for opening of a trade position provided the future quotes reach the pre-defined level.

It is noted that under certain trading conditions it may be impossible to execute these Orders at the Client's requested price. In this case, SQCM has the right to execute the Order at the first available price. This may occur, for example, at times of rapid price fluctuations of the price, rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted, or there is lack of liquidity, or this may occur at the opening of trading sessions.

All types of pending orders listed below might be executed with a different price rather the requested one. There are four types of pending orders available in the Trading Platform:

- a. **Buy Limit** – buy provided the future "ASK" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the price of the CFD, having fallen to a certain level, will increase;
- b. **Buy Stop** – buy provided the future "ASK" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the price of the CFD, having reached a certain level, will keep on increasing;
- c. **Sell Limit** – sell provided the future "BID" price is equal to the pre-defined value. The current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of that the price of the CFD, having increased to a certain level, will fall;
- d. **Sell Stop** – sell provided the future "BID" price is equal to the pre-defined value. The current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of that the price of the CFD, having reached a certain level, will keep on falling.

The Market and Pending Orders may be modified before execution by entering either a Take Profit or Stop Loss as explained below:

### 7.3 Stop Loss

It is used for minimizing of losses if the CFD price has started to move in an unprofitable direction. If the CFD price reaches the stop loss/limit loss level, the whole position will be closed automatically, thus eliminating the incurrance of additional losses. Such Orders are always connected to an open position or a pending Order. They can be requested only together with a Market or a Pending Order. This type of order is always set below the current price for long positions), and below the opening price for short positions.

### 7.4 Take Profit

It is an order intended for taking the profit when the CFD price has reached a certain level. Execution of this Order results in complete closing of the whole position. The Order can be requested only together with an open Market or a Pending Order and it is also executed at stated prices. This type of Order is set above the current price in case of long positions and below the opening price in case of short positions.

### 7.5 Pending Orders Out of the Trading Hours

Clients can place pending orders for Underlying Assets within asset's trading hours. Outside the assets trading hours, our client's order/s will remain inactive until the trading activity of the asset is resumed. It is important to be noted that Pending Orders outside trading hours must respect the distance limit that is set for each instrument. The distance is applicable on the specification list of each asset.

## 8. Specific Client Instructions on Orders

In circumstances where the Client provides SQCM with a specific instruction as to how to execute an order and SQCM has accepted this instruction, then SQCM will execute the order in accordance with that specific instruction.

In this respect, the acceptance of a specific instruction may prevent SQCM from taking all sufficient steps in order to obtain the best possible result for its Client and consequently apply the requirements set in the Policy.

**WARNING:** Specific instructions may prevent SQCM from taking the steps that it has designed and implemented in this Policy to obtain the best possible result for the execution of those Orders in respect of the elements covered by those instructions. However, it shall be considered that SQCM satisfies its obligation to take all sufficient steps to obtain the best possible result for the Client.

## 9. Best Execution Criteria, Factors and Process

### 9.1 Best Execution Criteria

When executing client orders, SQCM takes into consideration the following criteria for determining the relative importance of the execution factors, analyzed in detail below:

- The characteristics of the client, including his/her categorization as Retail, Professional or Eligible Counterparty;
- The characteristics of the client order;
- The characteristics of the Financial Instruments that are the subject of that order;
- The characteristics of the execution venues to which that order can be directed.

Swissquote shall also provide the Client, within a reasonable time, should you request, documented evidence which demonstrates clearly that we have executed your Orders in accordance with the Policy and information about our order execution arrangements.

### 9.2 Best Execution Factors

The order execution process is designed to provide our clients with the best overall result for executed orders rather than the best result in respect of each trade. Unless you give us specific execution instructions, we will use our discretion to determine the execution factors we should take into account with a view to achieving the best possible result for you.

We will seek to tailor the factors that we consider in order to provide best execution for orders, drawing on our investment expertise. SQCM shall take all sufficient steps to achieve Best Execution for clients when receiving and transmitting orders for execution taking into account the following execution factors:

1. Price;
2. Costs;
3. Speed of execution;
4. Likelihood of execution;
5. Likelihood Settlement;
6. Size;
7. Nature of the order: please refer to Section "Type of Orders";
8. Market impact;
9. Any other consideration relevant to the execution of the order.

Where SQCM executes an order on behalf of a Retail Client, the best possible result is determined in terms of the total consideration, representing the price of the financial instrument and the costs relating to execution, which shall include spreads, overnight fees etc.

The relative importance (**high, medium, low**) assigned to each of the aforesaid execution factors as well as general information is presented in the below table:

Factor	General Information
<b>Price</b>	It represents the market price at which the client's order will be executed. A strong emphasis is given on the quality and level of the price data that is received from external sources in order to provide our clients with competitive price quotes. We do not however guarantee that our quoted prices will be at a price which is as good, or better, than one might have been available elsewhere. The price will vary according to factors such as market liquidity, market rules regarding quotations, bids and offers, etc.
<b>Costs</b>	We take all reasonable steps to keep the costs of the transactions as low and competitive, to the extent possible. The full list of costs and charges relevant to clients' transactions is available in the Key Information Documents, Trading Platforms and the Forex Product Guide.
<b>Speed of Execution</b>	Execution speed and the opportunity for price improvement are critical to every trader and we repeatedly monitor these factors to ensure we maintain our high execution standards.
<b>Likelihood of Execution</b>	Even though we reserve the right to decline a Client order we aim to execute all Clients' orders, to the extent possible.
<b>Likelihood of Settlement</b>	All transactions are settled in cash upon execution of the transaction.

Factor	General Information
<b>Market Impact</b>	Further details are specified below.
<b>Size of order</b>	With Swissquote every CFD has a minimum and a maximum trade size. These sizes vary from asset to asset. The size is determined by the market conditions of each underlying asset as well our own risk management procedures.

### 9.3 Information about Order Execution Factors

SQCM offers different account types. In this respect, the initial minimum deposit, the spreads, costs, size if any etc. may differ according to each account type. Further information regarding the type of Trading Accounts offered can be found on SQCM's website.

#### Price and Source of Prices

SQCM will provide its own tradable prices which are derived from independent price providers and are available in the Trading Platform. In particular, SQCM's prices for all asset classes, are derived from its liquidity provider Swissquote Bank SA, which is a regulated credit institution authorised by the Swiss Financial Market Supervisory Authority ("FINMA").

SQCM and its liquidity provider receive price feeds from multiple reputable firms and exchanges so as to moderate high volatility or abnormal market conditions that may affect price competition. SQCM continuously updates its prices; therefore, the last updated prices are displayed on the Trading Platforms.

The execution arrangements are reviewed by SQCM at least once a year, in order to ensure that correct and competitive pricing is offered and to also assess their suitability for the purpose of this Policy.

In case where there is no regulated market from which a price can be sourced, SQCM ensures that the source price is extracted from global investment banks and other major price feed providers.

#### Off Market price/spike

When an unlike event occurs such an off-market price entering our systems due to technical issues or misquotation, should the client open a position during that period SQCM reserves the right to cancel the position by closing it at the current market price offered by our platforms, and off course reversing any Profits/Losses might have accumulated during that period. In the case the client took any advantage or disadvantage such as the above and the position was closed by either a Stop Loss or Take Profit or it was liquidated because of the off-market price, then again SQCM will reverse the Profit/Loss and re-open your position as its initial opening price.

#### Costs and Charges

Before initiating trading in CFDs, you should familiarize yourself with all associated costs and charges, as presented herein. For more information on the costs and charges please refer to our website at the links shown below. The total costs consider one-off, ongoing and incidental costs.



### ***Spread***

SQCM provides a two-way pricing principle which consists with the Bid and Ask price. The spread is the difference between the buying (ASK) and selling price (BID) of a CFD applied for trading.

The BID price represents the lower price which the client may sell the products mentioned above whereas the ASK price represents the lowest price at which the client may purchase the products. It is noted that the Spread includes our cost for the services to be provided to the clients for trading.

The spreads are set at our absolute discretion and any changes are effective immediately. A variable spread means that the spread will vary throughout the day, depending on market volatility, available liquidity and Underlying Asset. The variable spread has a minimum value set by SQCM, meaning that the Spread can reach a certain low value as pre-determined by us and can fluctuate accordingly by the market conditions.

Please be informed that SQCM reserves the right to alter the spread, in order to reflect periods of actual or potential increased market volatility in the prices of the underlying financial instruments or other market volatility caused by political or economic events. The actual spread is always available in the Trading Platform.

All the spreads are variable and are charged automatically once the position is open. In any case, the Client shall be kept informed of the trading conditions and Spreads that apply, through SQCM's website. The minimum variable spread is published on our website and the Forex Product Guide.

### ***Overnight Rollover/ Swaps***

A daily overnight swap charge will apply to all open positions that remain open every day at 23:00 CET time. More information in regards to the Overnight Swap charges can be found on our website and the Forex Product Guide.

#### Calculation Example:

AUDJPY Short/Long Swap Rate: -0.00784983 / 0.00455597

Position: Sell 100'000 AUDJPY

AUDJPY Exchange Rate: 96.553

MetaTrader Swap Formula:

$(\text{Base Amount} * \text{Short Swap Rate}) / \text{AUDJPY exchange rate}$

$(100'000 * -0.00784983) / 96.553 = \text{You pay } 8.13 \text{ AUD}$

Advanced Trader Swap Formula:

$(\text{Base Amount} * \text{Short Swap Rate})$

$(100'000 * -0.00784983) = \text{You pay } 784.98 \text{ JPY}$

Swissquote applies a triple swap on Wednesday 23:00 CET to account for weekend rollovers.

There are some exceptions to this rule:

- Triple swap rollovers will be applied Thursday 23:00 CET for USDCAD, USDTRY and USDRUB.
- Triple swap rollovers will be applied Friday 23:00 CET for LCOUSD, NGCUSD, OILUSD.

### ***Commission***

Trading in CFDs on certain products such as stocks as well as indices, commodities, bonds (forwards) is subject to a commission charge as presented in the Forex Product Guide available on our website and Trading Platforms.

### ***Currency Conversion***

Any cash, realized profit and losses, adjustments, fees and charges that are denominated in a currency other than the base currency of your account, will be converted to the base currency of your account and a currency conversion fee will be charged to your account.

Should at any time, SQCM decides to charge additional fees such as Client Account maintenance fees, it shall provide Clients prior notice of at least fifteen (15) business days and such fees will be disclosed at SQCM's website and communicated to clients in advance.

### **Size of Order**

A lot is a unit measuring the transaction amount and it is different for each type of CFD. Please refer to SQCM's Trading Platform and Forex Product Guide for the minimum and maximum trade size of an Order and each lot size for a given CFD type. SQCM reserves the right to decline an Order due to its size. Nevertheless, Swissquote offers flexible transaction sizes throughout all of its trading platforms. In addition, whenever the markets are open, our trading desk is available to assist you in placing your selected orders, including transaction sizes greater than the ones stated in the relevant conditions. SQCM shall add a minimum and a maximum trade size, depending on the Underlying Asset the Client engages with. The trade sizes are constantly reviewed by SQCM, by taking into account the relevant market conditions that relate to the specific instrument and the overall exposures. SQCM further reserves the right to place a cap on the number of transactions it enters into, or even decline an order, depending on the specific instruments.

### **Speed of Execution and Latency**

Considering the fact that prices may change over time depending on different Underlying Assets and market conditions, tradable prices which are distributed via SQCM's Trading Platform used by the Client to communicate with SQCM and other factors, all play a crucial role.

SQCM understands that any delay may cause executions to be made at the next available price either in favour or against the Client. The factors affecting speed may include:

- Exchange or market-based servers;
- SQCM's servers;
- Internet connectivity both in the side of the Client and SQCM;
- Client computer hardware and software.

SQCM shall seek to mitigate the above by:

- Frequently assessing the current feed provider;
- Cooperating with providers that acquire high internet bandwidth.

As the Client places Orders through the Trading Platforms, the Client is exposed to risks associated with that, including the failure of hardware and software (e.g. Internet connectivity issues). This may result that your Order is either not executed in accordance with your expectations or it is not executed at all. SQCM does not accept any liability in the case of such a failure.

The pricing of our tradable assets originates from the marketplace or the underlying exchange where the underlying assets trade. Price data is then transferred to our trading platform which accordingly is available to our clients. Generally, the transfer of data between the marketplace or the underlying exchange to our platform measures in milliseconds and under extreme circumstances it may take longer.

Latency is the lapse or delay of time among a client's request and the system response. The latency may cause orders not to be executed with the current market price, instead the client has to place a new order based on the next available price shown in the Trading Platform. This may result in favor or against the client always depending on the shifts direction.

We continually try to manage latency issues and challenges by:

- Assessing constantly our pricing feed from our feed provider
- Cooperating with feed provider with high internet bandwidth
- Continues assessment of current pricing.

### **Likelihood of Execution and Settlement**

Due to the levels of volatility affecting the Underlying Asset's price, SQCM aims to provide Client orders with the fastest execution reasonably possible. In some cases, it may not be possible to arrange an Order for execution, for example but not limited to, in cases such as: during news times, trading session start moments, during volatile markets where prices may move significantly up or down and away from declared prices, where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, a force majeure event has occurred.

In the event that SQCM is unable to proceed with an Order with regard to price or size, or other reason, the Order will be either rejected or partially filled.

SQCM has the right to close at market prices and or limit the size of Client Open Positions and to refuse new Client Orders to establish new positions in any of the following cases:

- SQCM considers that there are abnormal trading conditions.
- The value of Client collateral falls below the minimum margin requirement.
- At any time equity (current balance including open positions) is equal to or less than a specified percentage of the margin (collateral) needed to keep the open position.
- In case of fraud or Abusive Trading of the Client.

- The system of SQCM rejects the Order due to trading limits imposed on the Account.
- When the Margin Level reaches the Stop Out Level (ratio of Equity to Margin in the Client Account), the Client positions will start closing automatically at market prices starting with the most losing Order and SQCM has the right to refuse a new Orders. Stop Out level is available on the Website and/or the Platform.
- When the Client fails to take a measure of the terms set out in the Client Agreement.
- When the Client is holding a position Open on Future after the official expiry date.
- In case of breach of the T&Cs.

The Financial Instruments (i.e. CFDs) offered by SQCM do not involve the physical delivery of the Underlying asset, so there is no settlement as there would be for example if the Client had bought shares. All transactions are settled in cash upon execution of the transaction.

### **Market Impact**

SQCM's quoted prices which are derived from its independent price provider may be affected by various factors which could also affect the abovementioned factors. SQCM will take all sufficient steps to ensure the best possible result for its Clients.

### **9.4 Slippage**

At the time that an order is placed for execution, the specific price requested by the client may not be available; therefore, the order will be executed close to or a number of pips away from the client's requested price. If the execution price is better than the price requested by the client this is referred to as 'positive slippage'. In contrast, if the execution price is worse than the price requested by the client this is referred to as 'negative slippage'. Please be advised that 'slippage' is a normal market practice and a regular feature of the foreign exchange markets under conditions such as illiquidity and volatility due to news announcements, economic events and market openings. SQCM's automated execution software does not operate based on any individual parameters related to the execution of orders through any specific client accounts.

Slippage may appear in all types of accounts we offer and can occur also during Stop loss orders, Limit orders, and other types of Orders. SQCM does not guarantee the execution of your Pending Orders at the price specified. However, SQCM confirms that your Order will be executed at the next best available market price from the price you have specified under your pending Order.

We work to execute orders at or close to the specified order price. However due to the nature of many underlying assets prices may change directions promptly and swiftly, thus making our prices change directions or levels fast too. This is known as gapping and can mainly be observe at times of low liquidity or high volatility. Consequently, it is important to note that we cannot guarantee the execution prices.

Risks associated with volatile markets, especially at or near the opening and closing hours of the standard trading hours.

- a. Opening prices may differ at a great extent from the previous day's closure.
- b. Prices that are substantially dissimilar from the quoted BID or ASK price or the last reported price.
- c. System capacity constraints applicable to exchanges, data vendors as well as to SQCM.

## 10. Order Handling

SQCM ensures that orders executed on behalf of its clients are promptly and accurately recorded and allocated. In addition, SQCM when carrying out client orders shall carry out otherwise comparable client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interest of the client require otherwise. SQCM shall inform the Retail Client about a material difficulty relevant to the proper carrying out of orders, upon becoming aware of the difficulty.

## 11. Product Intervention Measures That Affect Order Execution Arrangements

### 11.1 Margin Close Out Rule

In accordance with the Directive DI87-09 for the restriction, distribution or sale of CFDs to Retail Clients, SQCM offers clients with margin close-out protection. In particular, margin close-out protection means the closure of one or more of a Retail client's open CFDs when the sum of funds in the CFD trading account and the unrealized net profits of all open CFDs connected to that account falls to less than 50% of the total initial margin protection for all those open CFDs.

It is noted though that if the total margin in an account held by the professional client falls before 30% of the amount of initial margin required in respect of the open CFDs, SQCM will close one or more of the CFDs.

### 11.2 Negative Balance Protection

Taking into consideration that CFDs are leveraged products and therefore incur a high level of risk and may result in the loss of all the client's invested capital, SQCM provides its clients with negative balance protection, on a per account basis. The negative balance protection limits the maximum losses that a retail client could have. In this respect, SQCM's clients can never lose more than the total sum invested for trading in CFDs.

### 11.3 Leverage Limits/ Initial Margin Requirement

The leverage limits vary across the CFDs' Underlying Asset as well as the Client Categorization, as shown in the table below and also in our website:

Underlying Asset/Asset Class	LEVERAGE LIMITS
	<i>Retail Client</i>

<b>MAJOR CURRENCY PAIRS</b> <i>US dollar, Euro, Japanese yen, Pound sterling, Canadian dollar or Swiss franc</i>	1:30
<b>NON-MAJOR CURRENCY PAIRS, GOLD, AND MAJOR INDICES</b> <i>Financial Times Stock Exchange 100 (FTSE 100); Cotation Assistée en Continu 40 (CAC 40); Deutsche Bourse AG German Stock Index 30 (DAX30); Dow Jones Industrial Average (DJIA); Standard &amp; Poors 500 (S&amp;P 500); NASDAQ Composite Index (NASDAQ), NASDAQ 100 Index (NASDAQ 100); Nikkei Index (Nikkei 225); Standard &amp; Poors / Australian Securities Exchange 200 (ASX 200); EURO STOXX 50 Index (EURO STOXX 50)            &amp; a currency pair composed of at least one currency that is not listed above</i>	1:20
<b>PRECIOUS METALS</b>	1:20
<b>COMMODITIES (other than gold and non-major equity indices)</b>	1:10
<b>STOCKS &amp; BONDS</b>	1:5

The leverage limits for professional clients can be up to 1:400.

## 12. Execution Venues

An Execution Venue may include a regulated market (RM), a multilateral trading facility (MTF), an Organized Trading Facility (OTF), a Systematic Internalizer (SI) or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing. In other words, Execution Venues are the entities which SQCM transmits order for execution. The sole entity responsible for the orders that our clients place within the Trading Platforms is SQCM, even if the trades are transmitted to the execution venue.

For the purposes of the orders submitted to SQCM, SQCM currently does not act as the Client's Execution Venue. Hence, SQCM does not execute Client Orders on an own account basis as a principal.

The clients acknowledge and explicitly agree that the orders placed with SQCM are not undertaken on a recognized exchange or on a regulated market (RM) or an MTF or an OTF but are executed on an Over the Counter Basic (OTC) through SQCM's Trading Platforms.

SQCM transmits the Client Orders or arranges for their execution with a third party. In particular, SQCM uses Swissquote Bank SA, which is regulated by FINMA, as its execution venue. You should be aware that OTC transactions may be exposed to greater risks (e.g. counterparty risk) such as the aforesaid execution venues' failure to execute the transactions. If the Client requires more information regarding the consequences of these means of execution, please contact us in one of the official contacting methods of SQCM.

SQCM before deciding which Execution Venues to use for client orders, it compares different venues and performs due diligence of them. Also, it evaluates and selects the aforesaid Execution Venues it collaborates with, based on a number of criteria which may include the following, among others:

- regulatory status of the institution, including the equivalency of the legislative requirements imposed by the competent authority of the country which the institution is regulated;
- the competitiveness of commission rates, spreads and other fees associated with the execution of clients' orders;
- the quality of execution obtained by the said institution, including available financial instruments;
- pricing frequency;
- the ability to deal with large volume of orders;
- the speed of execution;
- depth of liquidity – what is the liquidity provided by the institution;
- the ease of doing business in terms of technological support and reliability of the technology used;
- the financial soundness of the institution;
- the reputation of the institution;
- the legal terms of the business relationship;
- compliance with the conflicts of interest requirements.

In general, SQCM places great significance on the choice of its execution venues as it strives to offer, on a consistent basis, best execution to its Clients. SQCM places different relative importance on each of the criteria mentioned above by using its commercial judgment and experience in the light of the information available on the market. SQCM selects to work with those third-party venues that enable SQCM to obtain on a consistent basis the best possible result for the execution of Clients' orders. Extra emphasis is given to the following criteria: speed of execution, likelihood of execution and connectivity. In the event where the existing venues cannot provide the best possible results for its clients, SQCM will ensure that other venues are used.

### **13. Best Execution Monitoring and Review**

Swissquote aims to preserve the best available results for our clients. SQCM has set monitoring procedures such as the constant monitoring of the prices, spread, speed of execution and slippage against our competitors in order to provide our clients the best possible trading circumstances.

SQCM randomly selects a sufficiently large sample of trades to ensure, with a high statistical confidence level, that it constantly obtains and will obtain the best possible results for the Clients. This will be verified by selecting samples from different periods of time and for different asset classes.

Best execution is a process, which considers various factors, not an outcome. This means that, when SQCM is executing an order for a Client, SQCM must execute it in accordance with its Order Execution Policy. SQCM does not guarantee that the exact price requested will be obtained in all circumstances and, in any event, the factors may lead to a different result in a particular transaction.

In order to improve speed and likelihood of execution SQCM certain ex-ante and ex-post quality checks will be performed. Such checks include, but not limited to, symmetric slippage checks, number or trades to slippage and comparing our average speed of execution with industry standards.

In addition to the above, it is noted that the order execution arrangements will be reviewed, at least on annual basis, by SQCM's Internal Audit and Compliance Functions, and in case there is room for further improvement, SQCM takes immediate actions for ensuring its compliance with the legislative requirements.

## 14. Abusive Trading

In the world of automated trading by streaming tradable prices, the misquotations and technical issues are likely to occur from time to time. Consequently, if a client takes advantage of such trading strategies by exploiting system misquotations and technical issues then SQCM will consider the client as of Abusive Behavior.

An abusive behavior can be characterized in the following categories (among others):

1. Fraud/ Illegal actions;
2. Orders Placed based on manipulated prices as result of system errors or system malfunctions;
3. Arbitrage trading (Swap Arbitrage, Latency Arbitrage);
4. Scalping Trading (opening and closing orders for an arbitrarily short period of time);
5. Coordinated transactions by related clients in order to take advantage of system errors and delays on system updates;
6. Abuse of Negative Balance Protection by entering into Hedged positions between two accounts held by one trader or by other traders be essentially engaging in essence into risk-free trading.

If one or all of the above mentioned occurs, SQCM has the right to close/open positions and cancel any Profits or Losses that were realized by the trader in respect to these positions. Also, SQCM reserves the right to take further measures against such clients as per the terms outlined in the T&Cs, by:

1. Restricting access to the trading platform;
2. Restrict access to certain trading assets;
3. Restrict leverage trading in certain assets;
4. Terminate the T&Cs.

## 15. Important Disclosures

It is essential to enable the public and clients to evaluate SQCM's quality of execution practices and to identify the top five execution venues in terms of trading volume where SQCM executed clients' orders in the preceding year.

Therefore, SQCM is required to summarize and make public, on an annual basis, for each class of financial instruments, the top five investment firms in terms of trading volumes where it transmitted or placed client orders for execution in the preceding year and information on the quality of execution obtained.



The information published are in accordance with the requirements prescribed in the Commission Delegated Regulation (EU) 2017/576.

SQCM's annual Execution Quality Disclosures ("RTS28") will be published on its website. The RTS28 report for each year shall be available in the website of SQCM for a minimum period of two (2) years, following its publication. RTS28 metrics are applicable for clients classified as Retail and Professional only, where applicable, and also includes a summary of the analysis and conclusions drawn from the monitoring of the quality of execution obtained on the execution venues where the clients' orders were executed in the previous year.

## 16. Fiduciary Duty

Swissquote does not owe you any fiduciary duties other than those imposed on us by any applicable law or regulation or as agreed contractually between us through our Terms and Conditions of Business.

## 17. Record Keeping

For the purposes of the Policy, SQCM is required, under the Applicable Rules and Regulations, to maintain records of the transactions placed by the Client and that are available in the Trading Platform, including prices, costs, speed of execution etc., for a period of minimum five (5) years, and where requested from CySEC, for a period of seven (7) years.

## 18. Regular Review of the Policy

SQCM's Policy will be reviewed annually and whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of client orders on a consistent basis using the venues specified above, whereas material change includes, *inter alia*, the following:

- i. updates in the legislation relevant to SQCM's obligations to execute orders on terms most favorable to the client;
- ii. changes in the actual order execution arrangements of SQCM;
- iii. changes to the relative importance assigned to each execution factor;
- iv. change in the execution venues used by SQCM for the execution of clients' orders.

SQCM shall assess whether the material changes have occurred and it will consider making changes to the relative importance of the best execution factors in meeting the overarching best execution requirement.

Any changes in the Order Execution Policy of SQCM will be communicated in advanced, either through email or through the Trading Platform. The Client's consent to any updates in the Order Execution Policy is required in order for SQCM to continue the provision of the Investment Services to the client.

## 19. Consent



When establishing a business relationship with you we are required to obtain your explicit consent to the Order Execution Policy. You will be deemed to consent to this policy when you first give an order to us. If you require any further information, please contact us in one of the official contacting methods of SQCM.